

*Prepared, not delivered*

Opening Statement  
**Chairman Michael G. Oxley**  
**Committee on Financial Services**

**Subcommittee on Capital Markets, Insurance,  
and Government Sponsored Enterprises**

**“The SEC Proposal on Market Structure: How Will Investors Fare?”**

**May 18, 2003**

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Thank you, Chairman Baker, for holding our fourth hearing this Congress on the structure of the U.S. capital markets.

My approach to these complex issues is governed by a fundamental belief that Congress has an obligation to ensure that no markets have regulatory advantages that inhibit competition and artificially preserve market share.

Accordingly, it is imperative that we revisit the rules and regulations that have governed the markets for more than a quarter of a century. What Congress passed in 1975 should not be controlling in today’s high-tech environment.

There is no question that the controversies at the New York Stock Exchange over executive compensation and trading ahead of investors present a real opportunity to enact significant and long-overdue reforms. An opportunity like this does not come around often, and we must not squander it.

Rule NMS represents a substantial effort by the SEC, and the Commission and its staff are to be commended for a product that addresses the major issues at hand.

There has been a great deal of talk about the need to reform the trade-through rule. It is clear to me that the time for reform is long overdue. Quite simply, the trade-through rule is anticompetitive and needs to be overhauled.

Central to these discussions is the role of the specialist system. It has been widely criticized as monopolistic, anachronistic, and unnecessary.

Another important issue we will discuss this morning is market data, the fundamental information about securities prices. Market data is the oxygen of our marketplace and needs to be free from ownership interests that could restrict access. It is essential that we ensure that investors have guaranteed full access to this information.

I look forward to hearing the testimony today, but at this point I am not convinced that the SEC proposal goes far enough in terms of injecting competition into the markets. I want to commend Chairman Baker for putting together an excellent panel of witnesses. I yield back.

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